

ABSTRACT OF THE DISCLOSURE

This disclosure relates to a program controlled apparatus, a system and a method for identifying taxable financial transactions, collecting data based on the transactions and calculating any sales and/or use taxes due on the transactions. The apparatus comprises a first database having a directory of parameters identifying all domestic government authorities by zip code, geocode, and by jurisdiction name requiring payment of taxes. A second database is provided having a directory of parameters identifying the taxability of goods and/or services for each jurisdiction identified by zip code, geocode, and jurisdiction name in the first database. Also provided is a third database, this database having a directory of parameters identifying all domestic sales, use and rental tax rates for each zip code, geocode and jurisdiction name. Finally, a server is utilized with programming for determining all taxes due on each transaction request input to the apparatus according to the directory parameters maintained by the first, second and third databases. The disclosure is also directed to a method which begins with the step of inputting an XML-based transaction request from a selected transaction processing source system. Next, the class of transaction to be processed is identified and the taxability of the transaction is determined from a taxability code in the transaction request, the product or service purchased is determined from a taxability code in the transaction request, the product or service purchased is determined from the commodity code in the transaction request, the applicable taxing jurisdiction is determined from the zip code, geocode or jurisdiction name in the transaction request and the amount of tax charged by the taxpayer is determined by the amount in the tax field in the transaction request. A list in a selected database directory is parsed of those

taxpayers collecting tax in full, and the taxpayer of goods is matched with a taxpayer in the list. Accordingly, a selected file is written that no accrual of tax is due on the item, and processing of the transaction is completed.

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